

Economic Development Incentive Program (EDIP)



Fiscal Year 2014 Annual Report

Massachusetts Office of Business Development

September 30, 2014

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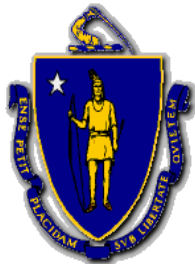


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Letter from EDIP Director



DEVAL L. PATRICK
GOVERNOR

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EXECUTIVE DIRECTOR
MASSACHUSETTS OFFICE OF
BUSINESS DEVELOPMENT

September 30, 2014

Dear Governor Patrick:

On behalf of the Massachusetts Office of Business Development (MOBD) we are pleased to send you the Economic Development Incentives Program (EDIP) Fiscal Year 2014 Annual Report.

Now in the fifth year since the 2010 program reforms, the EDIP continues to be the largest job creation incentive in the Commonwealth. In fiscal year 2014 thirty-seven (37) projects were approved with the potential to create 2,534 jobs, the retention of 3,244 jobs and a private investment of \$963 million. Since the 2010 changes, 197 projects have received approval, leading to the potential creation of 13,983 new jobs, the retention of 40,451 existing jobs and leveraging of over \$5.4 billion in private investment. The EACC has assisted 106 manufacturers through the EDIP and has supported 91 projects in Gateway Cities.

Sincerely,

Annamarie Kersten
EDIP Director

cc The Senate Committee on Ways and Means
The House Committee on Ways and Means
The Joint Committee on Labor and Workforce

Massachusetts Office of Business Development

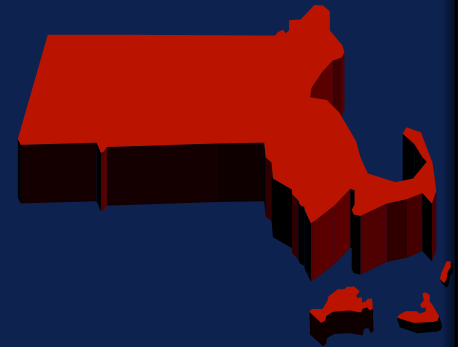


Mission

- Facilitate access to resources
- Promote job growth and retention
- Stimulate private investment
- **Help businesses thrive in Massachusetts**
 - **Administer EDIP**

Regions

- Berkshires
- Cape and Islands
- Central
- Greater Boston
- Metro West
- Northeast
- Pioneer Valley
- Southeast



Resources

- | | |
|-----------------------|-------------------------|
| • Financing | • Industry Expertise |
| • Workforce Training | • Permitting |
| • Tax Incentives | • Business Consultation |
| • International Trade | |

Fiscal Year 2014 EDIP Projects



Fiscal Year 2014 EDIP Projects



37

- Projects Approved

2,534

- Jobs to be Created

3,244

- Jobs to be Retained

\$963
million

- Private Investment

Fiscal Year 2014 EDIP Projects



EDIP Breakdown by Project Type



EP

Expansion Projects

- 17 Projects
- \$4.6 million EDIPC

MRP

Manufacturing Retention Projects

- 3 Projects
- \$1.2 million EDIPC

Local

Property Tax Incentives from Municipality

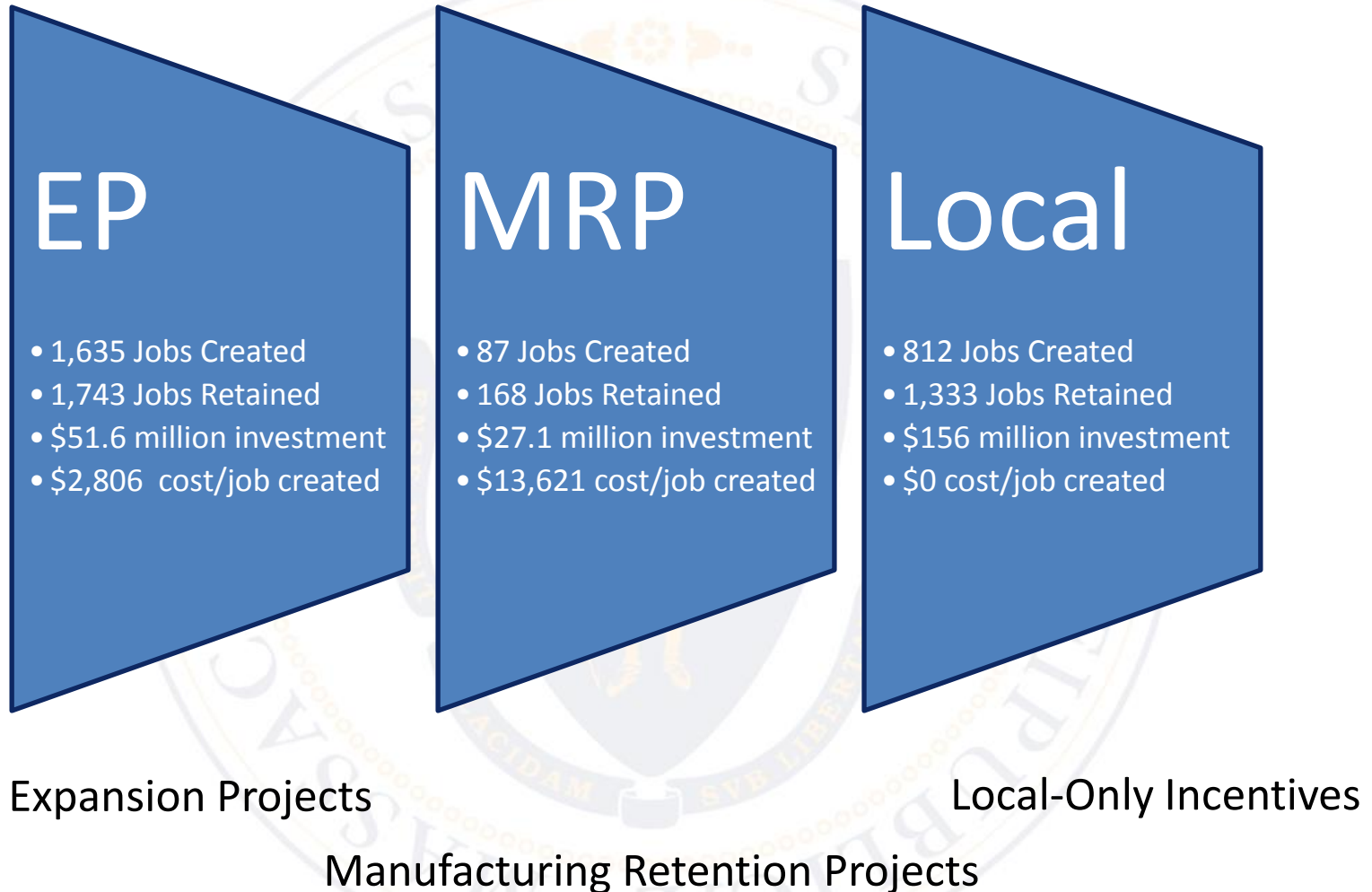
- 17 Projects
- \$0 EDIPC

EDIPC: Economic Development Tax Credits

Fiscal Year 2014 EDIP Projects



Breakdown by Type of Project



Fiscal Year 2014 EDIP Projects



EDIP FY 2014 Results: Regional Snapshot

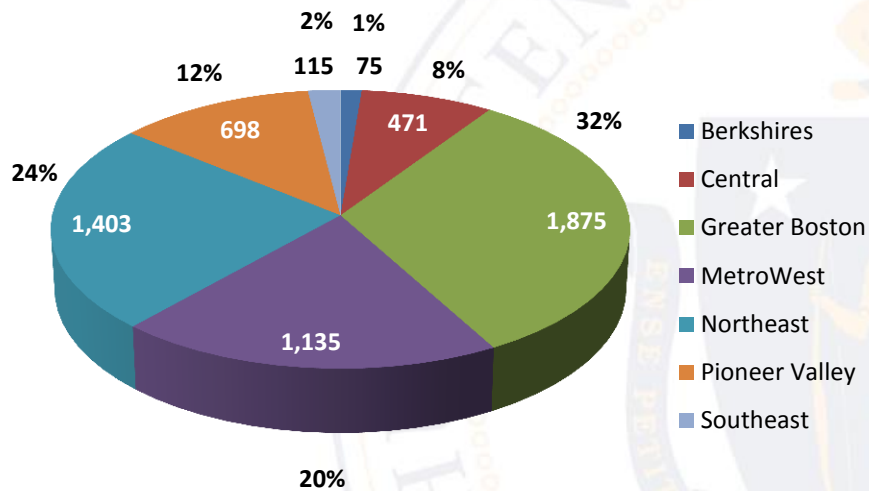
Region	Number of Projects	New Jobs	Retained Jobs	Private Investment	EDIPC* Awarded
Berkshires	3	71	4	\$14,066,000	\$40,000
Central	8	411	60	\$169,318,700	\$1,645,000
Greater Boston	4	940	935	\$603,790,000	\$1,330,000
MetroWest	6	318	817	\$69,455,283	\$695,000
Northeast	5	597	806	\$69,691,555	\$566,000
Pioneer Valley	8	151	547	\$21,508,418	\$1,436,326
Southeast	3	40	75	\$15,369,201	\$60,000
Total	37	2,528	3,244	\$963,199,157	\$5,772,326

*Economic Development Incentive Program Credit

Fiscal Year 2014 EDIP Projects

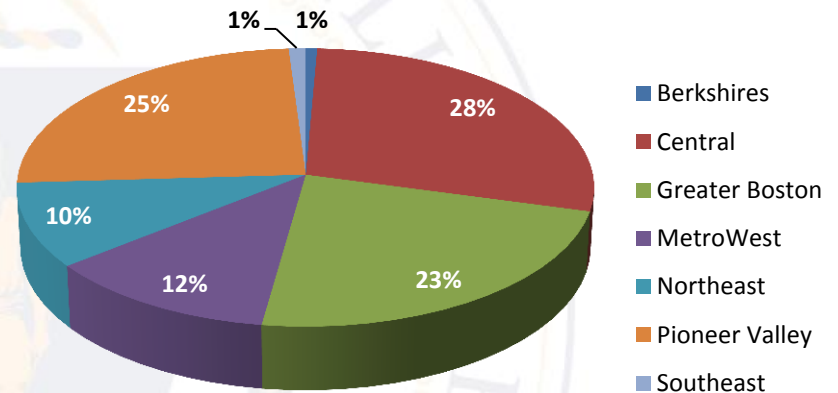


Job Impact* by Region



*Job Impact is Jobs Created and Jobs Retained

EDIPC** Awarded by Region

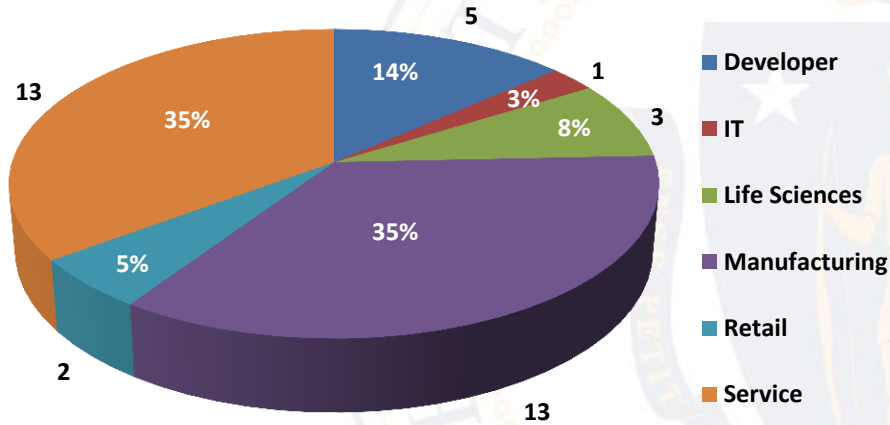


**Economic Development Incentive Program Credit

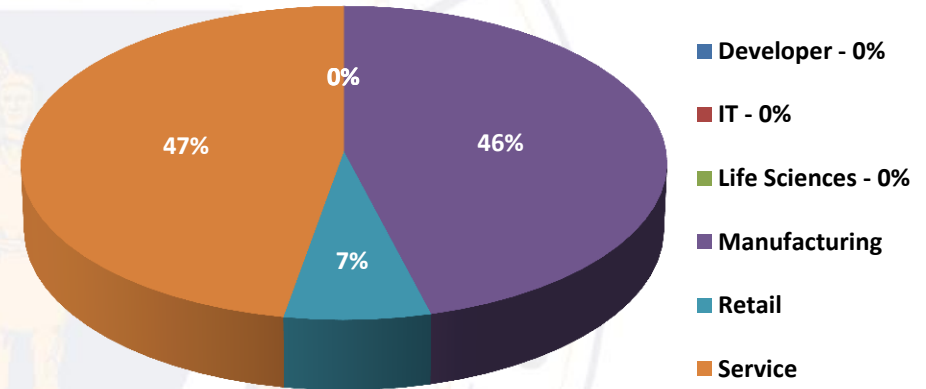
Fiscal Year 2014 EDIP Projects



Projects by Industry



EDIPC Awarded by Industry



Fiscal Year 2014 EDIP Projects



20 projects
located in
Gateway Cities

54%

25 projects
Small Businesses
< 250 employees

68%

13 projects were
Manufacturers

35%

FY 2014 Accomplishments



In Addition to the EDIP Projects Approved:

- **Approved three (3) new Regional Technology Center Economic Target Areas (ETA):**
 - Newton
 - Wakefield
 - Winthrop
- **Approved three (3) Economic Distressed Areas (EDA) to enable access to brownfields programs:**
 - Marblehead (census tracts 2031, 2032, 2033)
 - Melrose
 - Saugus (census tracts 2081.01, 2081.02, 2082)

FY 2014 Accomplishments



Conducted six (6) Municipal Outreach meetings across the state

- 9/19 **Holyoke** Community College
- 10/1 Union Hall **Worcester**
- 10/8 495 MetroWest Partnership, **Westborough**
- 10/15 Association of Realtors, **Yarmouth**
- 10/23 North Central Economic Development Council, **Fitchburg**
- 10/29 Merrimack College, **North Andover**

FY 2014 Accomplishments



- Created new **transparency report** with recipient-specific details on jobs retained and created that improved the Commonwealth's MASSPIRG transparency rating
- Joined the **Joint Task Force** for Underground Economy & Employee Misclassification to prescreen EDIP projects.
- Completed **overhaul of EDIP web site** so more information is readily accessible by providing additional web links
- **Updated applications:** preliminary, supplemental, local-only, EOA, annual reporting
- Conducted one **policy meeting** with EACC Board

FY 2014 Accomplishments



- Collaborated on changes to the EDIP in the **Economic Development Bill**
- Highlights of the **EDIP changes include:**
 - Elimination of the need for Economic Target Areas (ETA) and Economic Opportunity Areas (EOAs) to enter into a TIF and apply to become a Certified Project
 - Creation of a new Job Creation Project (JCP) category. Fills the need when there is a non-existent or negligible increment making the TIF immaterial as an incentive and blocking access to receive EDIPC. Can be made refundable.
 - Ability for a municipality to offer a stand-alone Special Tax Assessment (STA); especially important if a project is ineligible for EDIPC due to lack of substantial out-of-state sales but project is important to the municipality and TIF is immaterial.
 - Clarified revocation of credits due to non-compliance.
 - Elimination of Tax Increment Financing Plans and Zones

FY 2014 Accomplishments



- **Annual reporting** was conducted for all open EDIP projects
- As a result, EACC decertified 18 EDIP projects and approved the voluntary withdrawal of Certified Project status for 15 projects (total of 33 projects removed from the Program)
 - Of the 18 projects decertified, 7 projects were approved pre-2010 legislative reforms and 11 projects were approved after the legislative reforms.
 - Of the 15 projects that voluntarily withdrew their Certified Project status, 7 projects were approved pre-2010 legislative reforms and 8 projects were approved after the legislative reforms.
 - 13 of the projects removed from the program in FY2014 were due to non-compliance with job creation. The remaining 20 projects were removed for various reasons including failure to file an annual report, changes in company plans and real estate ownership, relocation of the company to a different Massachusetts site and significant delays in the project.
 - Withdrawal from EDIP ends the tax credits in year found non-compliant and for all future years.
- There remain 429 active EDIP projects today from both the new and old programs.

FY 2015 Goals & Initiatives



- Conduct regional municipal outreach across the Commonwealth to discuss changes in EDIP resulting from passage of the Economic Development Bill
- Conduct a pilot *“Innovation Economy Job Creation Challenge”* to uncover any potential issues in implementing the new Job Creation Project (JCP)
- Codify changes in the Acts of 2014 into the EDIP regulations
- Hold at least one EACC Board Policy Meeting
- Finalize information sharing processes with the Department of Revenue (DOR) and Division of Unemployment Assistance (DUA)

FY 2015 EDIP Projects Approved



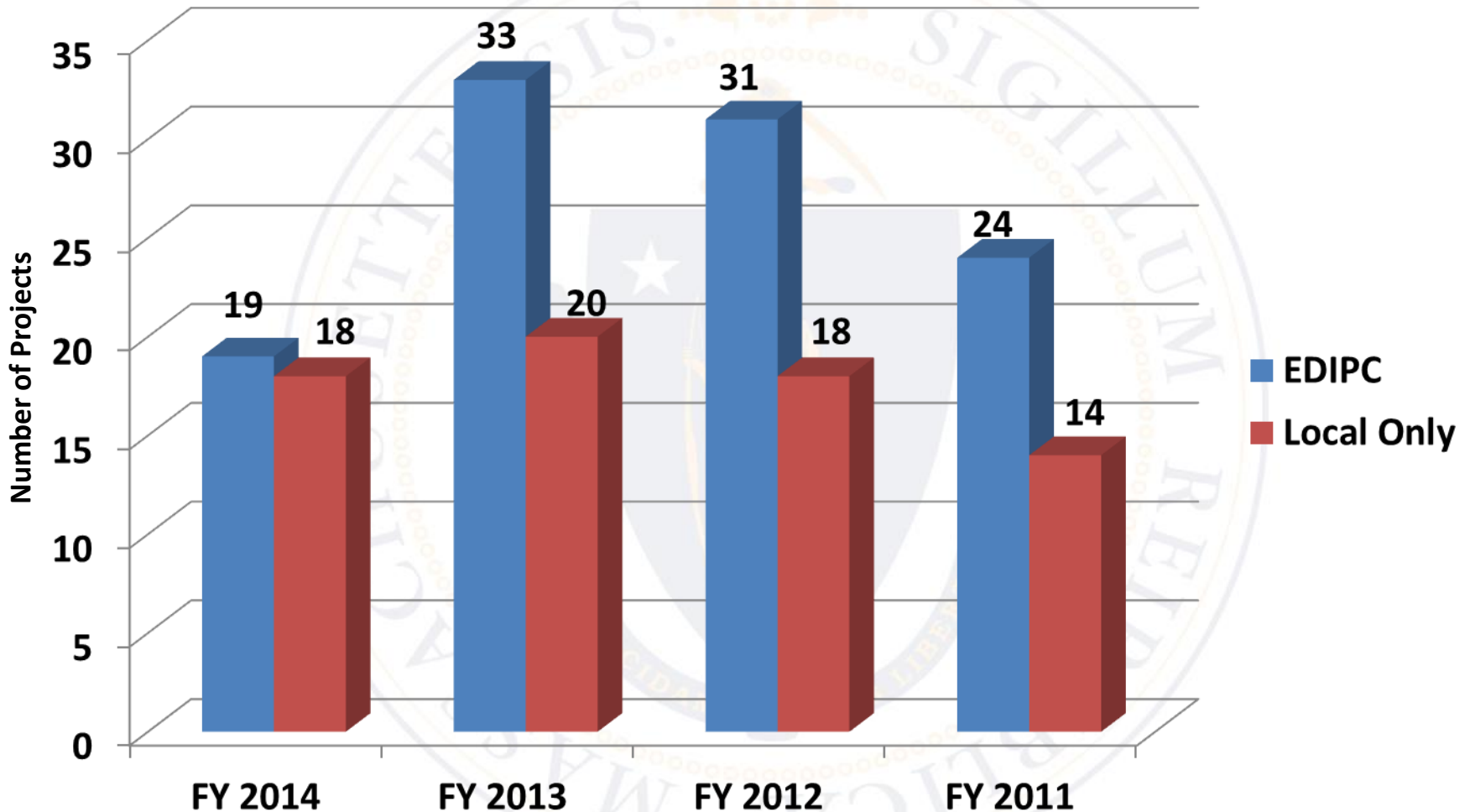
Municipality of Project	Region	Business Name	Industry	Category of Project	% Out-of-State Sales	Jobs Created	Jobs Retained	Private Investment	ITC Award Total	EACC Date	Gateway
Great Barrington	Berkshire	20 Castle Street	DEVL	TIF Only	N/A	7	0	\$4,000,000	\$0	3/26/2014	N
Sheffield	Berkshire	Berkshire Mountain Distillers	MFG	Expansion Project	50%	4	4	\$866,000	\$40,000	12/18/2013	N
Lee	Berkshire	Berkshire Sterile Manufacturing, LLC	MFG	TIF Only	N/A	60	0	\$9,200,000	\$0	6/24/2014	N
Fitchburg	Central	Great Wolf Lodge of New England, LLC	SVC	Expansion Project	50%	200	0	\$65,921,231	\$680,000	3/26/2014	Y
Southbridge	Central	Expert Laser Services, Inc.	SVC	TIF Only	N/A	7	20	\$635,000	\$0	12/18/2013	N
Sturbridge	Central	OM Shri Ambika, LLC	SVC	Expansion Project	84%	16	0	\$10,822,121	\$40,000	6/24/2014	N
Worcester	Central	New Garden Park, Inc.	SVC	TIF Only	N/A	0	0	\$32,000,000	\$0	9/24/2013	Y
Worcester	Central	Dennison Lubricants, Inc.	MFG	Expansion Project	35%	20	40	\$4,200,000	\$250,000	12/18/2013	Y
Worcester	Central	Oasis at Dodge Park, LLC	SVC	TIF Only	N/A	78	0	\$14,690,348	\$0	12/18/2013	Y
Worcester	Central	SXC Prescott Street Hotel, LLC	SVC	Expansion Project	80%	30	0	\$9,200,000	\$225,000	3/26/2014	Y
Worcester	Central	Trumbull Street Hotel, LLC	SVC	Expansion Project	80%	60	0	\$31,850,000	\$450,000	3/26/2014	Y
Boston	Greater Boston	MK Parcel 7 Development, LLC	DEVL	Expansion Project	39%	126	0	\$550,000,000	\$0	6/24/2014	N
Braintree	Greater Boston	Haemonetics Corporation	Life Science	STA Only	N/A	125	414	\$10,000,000	\$0	3/26/2014	N
Chelsea	Greater Boston	Lawrenceville, LLC	SVC	Expansion Project	80%	30	0	\$26,640,000	\$400,000	12/18/2013	Y
Chelsea	Greater Boston	Central Ave Hotel, LLC	SVC	Expansion Project	90%	40	0	\$18,150,000	\$300,000	12/18/2013	Y
Quincy	Greater Boston	Granite Telecommunications, LLC	SVC	Expansion Project	97%	764	935	\$9,000,000	\$630,000	12/18/2013	Y
Brockton	Metrowest	Vicente's Liquors and Tropical Grocery, Inc.	RET	TIF Only	N/A	28	45	\$19,500,000	\$0	6/24/2014	Y
Marlborough	Metrowest	SanDisk Corporation	IT	Expansion Project	99%	60	80	\$14,521,900	\$300,000	6/24/2014	N
Norton	Metrowest	Omni Life Science, Inc.	Life Science	TIF Only	N/A	15	70	\$3,500,000	\$0	3/26/2014	N
Norton	Metrowest	Penske Truck Leasing, Co.	SVC	TIF Only	N/A	11	5	\$6,000,000	\$0	3/26/2014	N
Westborough	Metrowest	Cumberland Farms, Inc.	RET	Expansion Project	68%	79	202	\$15,933,383	\$395,000	12/18/2013	N

FY 2015 EDIP Projects Approved



Municipality of Project	Region	Business Name	Industry	Category of Project	% Out-of-State Sales	Jobs Created	Jobs Retained	Private Investment	ITC Award Total	EACC Date	Gateway
Bedford	Northeast	Aspen Technology, Inc.	Life Science	TIF Only	N/A	302	408	\$12,908,000	\$0	6/24/2014	N
Gloucester	Northeast	Gloucester Seafood Processing, Inc.	MFG	Expansion Project	94%	125	0	\$12,625,000	\$191,000	3/26/2014	N
Lawrence	Northeast	Asahi America, Inc.	MFG	Manufacturing Retention Project	97%	25	93	\$17,458,555	\$375,000	6/24/2014	Y
Lexington	Northeast	uniQure, Inc.	Life Science	TIF Only	N/A	90	0	\$20,000,000	\$0	12/18/2013	N
Westford	Northeast	Cynosure, Inc.	Life Science	TIF Only	N/A	55	305	\$6,700,000	\$0	3/26/2014	N
Chicopee	Pioneer Valley	Menck USA, Inc. d/b/a Menck Windows	MFG	Manufacturing Retention Project	50%	50	0	\$7,250,000	\$750,000	12/18/2013	Y
Greenfield	Pioneer Valley	Kennametal, Inc.	MFG	Expansion Project	95%	70	63	\$4,650,000	\$465,000	6/24/2014	N
Springfield	Pioneer Valley	Titan Roofing, Inc.	SVC	TIF Only	N/A	0	64	\$2,025,000	\$0	12/18/2013	Y
Springfield	Pioneer Valley	Kielb Welding Enterprises, Inc. dba Advance Welding	MFG	Expansion Project	50%	6	9	\$2,488,918	\$13,126	6/24/2014	Y
Springfield	Pioneer Valley	Amasdave, LLC dba Dave's Truck Repair, Inc.	SVC	TIF Only	N/A	6	1	\$810,500	\$0	6/24/2014	Y
Palmer	Pioneer Valley	Detector Technology, Inc.	MFG	Expansion Project	75%	10	56	\$1,952,000	\$75,000	3/26/2014	N
Westfield	Pioneer Valley	Mestek, Inc.	MFG	Expansion Project	95%	15	354	\$1,332,000	\$133,200	12/18/2013	Y
Westfield	Pioneer Valley	WHIP City Aviation, LLC	DEVL	STA Only	N/A	0	0	\$1,000,000	\$0	3/26/2014	Y
New Bedford	Southeast	Coggeshall New Bedford, LLC	DEVL	TIF Only	N/A	0	0	\$3,000,000	\$0	3/26/2014	Y
Plymouth	Southeast	OCB Plymouth Real Estate, LLC	SVC	TIF Only	N/A	28	0	\$10,000,000	\$0	12/18/2013	Y
Fall River	Southeast	Klear-Vu Corporation	MFG	Manufacturing Retention Project	97%	12	75	\$2,369,201	\$60,000	12/18/2013	Y

Closed EDIP Projects by Fiscal Year



EDIP Contacts



EDIP Contacts:

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Visit:

www.mass.gov/mobd

www.mass.gov/hed/edip

www.mass.gov/hed/jobgrowth

Statutory References



EDIP Governing Statute:

[M.G.L. Chapter 23A: Section 3A-3F](#)

[3A: Definitions applicable to Sections 3A to 3H](#)

[3B: The Economic Assistance Coordinating Council](#)

[3C: The Economic Assistance Coordinating Council; Powers duties](#)

[3D: Economic Target Areas](#)

[3E: Economic Opportunity Areas](#)

[3F: Certified projects; Proposals](#)

EDIP Regulations:

[402 Code of Massachusetts Regulations 2.00](#)

EDIP Regulations effective January 1, 2010

EDIP Reformation Statutes:

[Chapter 166 of the Acts of 2009](#)

Reforms to M.G.L. Chapter 23A effective January 1, 2010

[Chapter 240 of the Acts of 2010: Sections 15 - 23](#)

Reforms to M.G.L. Chapter 23A Sections 3A & 3F effective January 1, 2010

EDIP Investment Tax Credit Statutes:

[M.G.L. Chapter 63: Section 38N](#)

Taxation of Corporations: Economic Development Incentive Program; Tax Credit for Certified Projects

[M.G.L. Chapter 63: Section 31A](#)

Taxation of Corporations: Investment Credit for Certain Corporations; Limitations

Abandoned Building Renovation Deduction Statute:

[M.G.L. Chapter 63: Section 38O](#)

Economic Opportunity Areas; Tax Deduction for Renovation of Abandoned Buildings

Department of Revenue Releases on the EDIP Investment Tax Credit for Certified Projects Approved January 1, 2010 onward:

[Department of Revenue Technical Information Release 10-1](#)

Economic Development Incentive Program Credit

[Department of Revenue Technical Information Release 10-15](#)

Certain Local Property Tax, Personal Income Tax, Corporate Excise, and Tax Administration Changes in "An Act Relative to Economic Development Reorganization"

Department of Revenue Releases on the Economic Opportunity Area Credit for Certified Projects Approved Prior to January 1, 2010:

[830 Code of Massachusetts Regulations 63.38 N.1](#)

Regulations and calculation of Economic Opportunity Area Credit

[Department of Revenue Division of Local Services: Informational Guideline Release No. 94-201](#)

Property Tax Exemptions to Promote Economic Development

[Department Of Revenue Directive 09-4](#)

Effect that the Expiration of a Project's Certification has on the Economic Opportunity Area Credit

Local Tax Increment Financing Statutes and Regulations:

[M.G.L. Chapter 40: Section 59](#)

Powers and Duties of Cities and Towns: Tax Increment Financing Plan

[MGL Chapter 59: Section 5, Paragraph 51](#)

Assessment of Local Taxes: Property; Exemptions

[760 Code of Massachusetts Regulations 22.00](#)

Establishes standards and procedures for designation of Tax Increment Financing (TIF) Zones and for the development of Tax Increment Financing Plans.